(iii) The aggregate consideration to the Debtors from any such offer must be at least $2.0 million more than the aggregate consideration to the Debtors from the Asset Purchase Agreement, plus any Termination Fee the Debtors would be obligated to pay;

(iv) Each party submitting a competing offer shall furnish, upon request, relevant background and financial information (to be kept in confidence by the recipients thereof, subject to further order of the Court);

(v) In the event that any competing offers are properly and timely made, their terms will be promptly disclosed to the Buyer and to all other parties submitting competing offers;

(vi) The Buyer will have the right to top any timely received overbid, for a period of five days; and

(vii) No further bids will be considered after the Disclosure Statement is approved by the Bankruptcy Court. If a new bid is accepted by the Debtors at or before the Disclosure Statement hearing, the Disclosure Statement and Plan may be amended to the extent necessary to reflect that new bid.

As of the commencement of the Disclosure Statement hearing the Debtors had not received any bids from any other potential buyer.

Q. Commitment By 1996 Lenders To Support The Buyer's Bid

The 1996 Lenders have informed the Debtors that they have committed to support the sale of substantially all of the Debtors' assets to the Buyer pursuant to the Asset Purchase Agreement. The 1996 Lenders have been actively involved throughout the Debtors' efforts to market most of their assets and the negotiations with the Buyer and other interested potential buyers. The 1996 Lenders have informed the Debtors that in exchange for the Buyer's agreement to enter into the Asset Purchase Agreement, the 1996 Lenders entered into a contract: (i) requiring them to support the Debtors' request for Bankruptcy Court approval of the Asset Purchase Agreement; (ii) barring them from supporting any competing offer; and (iii) granting the Buyer an option to acquire their Claims against the Debtors, including the DIP Claims. The Debtors are not a party to the agreement between the 1996 Lenders and the Buyer. The Debtors filed a copy of the final agreement with the "Second Supplemental Appendix to the Disclosure Statement" on February 14, 2000. The Debtors have not consented to any transfer of the 1996 Lenders' Claims or delegation of the 1996 Lenders' duties under the DIP Facility and reserve all rights with respect thereto.

V. SUMMARY OF THE PLAN

A. Introduction

The following general description of the Plan of Reorganization is qualified in all respects by the Plan itself. The Plan is attached hereto as Exhibit "A." Before casting a vote accepting or rejecting the Plan, Creditors are urged to read the Plan in its entirety. The rights of the parties will be governed by the Plan, not by the following general description of the Plan.

B. Transfer of Assets to Buyer

The primary source of funding payments under the Plan will be the sale of substantially all of the Debtors' assets to the Buyer pursuant to the Asset Purchase Agreement. All or virtually all of the assets to be sold to the Buyer are subject to Liens. There are a relatively small number of individual creditors who hold Liens on specific assets. The 1995 Lenders hold Liens on equipment in multiple locations. The 1996 Lenders and the DIP Lenders hold Liens on all or virtually all of the assets to be sold to the Buyer, including junior Liens on the same assets subject to senior Liens. All Liens on assets sold to the Buyer will be released from the assets and will attach to the Proceeds.

The Asset Purchase Agreement expressly excludes certain assets from the transfer to the Buyer and allows the Buyer to elect to delay the effective date of the transfer of other assets. The Retained Assets, the delayed transfer assets, and the Cash Consideration will be transferred to the Plan Trust on the Effective Date. The Debtors will automatically be dissolved on the Effective Date and the Plan Trustee will be responsible for liquidating the remaining Retained Assets.

C. Classification of Claims and Interests

The Claims against and Interests in each Debtor are separately classified. The Plan does not provide for substantive consolidation. The actual disposition of the Cash Consideration under the Asset Purchase Agreement will, however, not necessarily require allocation among the multiple Debtors because the DIP Lenders, the 1995 Lenders and/or 1996 Lenders have Liens on substantially all of the assets to be sold, regardless of which Debtor owns those assets.

The Plan classification scheme is relatively simple. It provides as follows:

1. Those priority claims that cannot be classified under the Bankruptcy Code are separately treated as Unclassified Priority Claims.

2. The remaining Claims entitled to statutory priority pursuant to Bankruptcy Code § 507 are placed together in Class 1 with respect to each Debtor.

3. The Allowed Secured Claims of the 1996 Lenders are placed in Class 2 with respect to each Debtor.

4. The Allowed Secured Claims of the 1995 Lenders are placed in Class 3 with respect to BCI and each Boston Chicken Affiliate that owns 1995 Lenders' Collateral (the 1995 Lenders do not hold Liens on any assets owned by BCREI or certain BCAs and, therefore, are not classified with respect to those Debtors).

5. All other Secured Claims against each Debtor are placed in a separate sub-class of that Debtor (Class 4 with respect to BCI and each BCA, and Class 3 with respect to BCREI).

6. With respect to each BCA and BCREI, all other unsecured Claims except Securities Claims, including without limitation all deficiency Claims of Secured Creditors and all damage claims for rejection of Executory Contracts, are placed in a single class.

7. In each Chapter 11 Case, Securities Claims are separately classified and subordinated.

8. With respect to BCI, the unsecured Claims are divided into multiple classes because of their differing substantive rights. The Claims are divided into the following classes:

(i) Senior Unsecured Claims (Class 5), which benefit from the subordination provisions of the Debentures;

(ii) The subordinated Claims under the Debentures (Class 6);

(iii) Other non-priority unsecured Claims (Class 8) that do not benefit from the subordination provisions of the Debentures;

(iv) Debt Securities Claims (Class 7) that are subordinated to Claims under the Debentures under Bankruptcy Code § 510(b); and

(v) Equity Securities Claims (Class 12), because these claims are subordinated to all other Claims under Bankruptcy Code § 510(b).

9. Equity Interests in each Debtor are separately classified according to the relative priorities they hold, but no distribution will be made under the Plan to any Interest holder.

D. Distributions to Creditors

1. Distributions On Account Of Secured Claims And Priority Claims.

All claims entitled to statutory priority (including Allowed Claims under the DIP Facility and the 1995 Lenders' Adequate Protection Claims) will be paid in full in Cash on the Initial Distribution Date. For Allowed Claims this will be the first business day after the Effective Date. For Disputed Claims it will be when there is a Final Order of the Bankruptcy Court resolving the balance due. The amount owing on the DIP Facility Claim will be fixed at the Confirmation Hearing and it will then be an Allowed Claim that will be paid the first business day after the Effective Date. The payments on the Initial Distribution Date will be made in the first instance from any unencumbered assets (i.e., the Estate Funds). To the extent the Estate Funds are not sufficient to pay all Priority Claims in full in Cash, the 1996 Lenders have agreed that the Proceeds from the disposition of their Collateral will be used to pay the remaining Allowed Priority Claims. The Proceeds of the 1996 Lenders' Collateral will also be used to establish a reasonable Cash reserve for payment of the expenses relating to the administration of the Retained Assets that are transferred to the Plan Trust (the "Administrative Reserve").

The Debtors believe that all or virtually all of the assets being sold to the Buyer are subject to Liens and, therefore, none of the Cash Consideration is initially Estate Funds. The Debtors contend that the holders of Allowed Secured Claims whose Collateral is sold under the Asset Purchase Agreement may be subject to surcharge under Bankruptcy Code §506(c) because many of the costs of negotiating and implementing the Asset Purchase Agreement constitute reasonable and necessary costs and expenses of preserving or disposing of such Collateral. The Debtors estimate that the aggregate costs of preserving and selling the Collateral could total

$15.0 million or more (fairly allocated by the Bankruptcy Court among the Secured Creditors based on the relative value of their Collateral) by the time the Confirmation Hearing is completed. The amount of the surcharges under Bankruptcy Code §506(c), as determined by the Bankruptcy Court, would become Estate Funds from which Allowed Priority Claims could be paid. The Debtors have been informed that the 1995 Lenders contest the Debtors' right to surcharge their Collateral and, therefore, contend that the Debtors will have no right to treat any of the Cash Consideration as Estate Funds. Other Secured Creditors may also contest the surcharge of the Proceeds of their Collateral. The greater the surcharge, the smaller the amount of the 1996 Lenders' Collateral that the Plan Trustee will need to complete the payment of the Allowed Priority Claims and establish the Administrative Reserve, and the smaller the 1996 Lenders' Reimbursement Claims. Even if no surcharge is permissible, the Plan can be fully funded.

The balance of the Proceeds from the Collateral of the 1996 Lenders will be distributed to the 1996 Lenders on the later of: (i) the Initial Distribution Date; or (ii) the date that the allocation of the Proceeds from the disposition of Collateral securing Allowed Claims of the various Secured Creditors can be made by Final Order of the Bankruptcy Court. To facilitate the sale to the Buyer, the Plan provides that the sale will be completed even if the holders of Allowed Secured Claims and the Debtors are unable to agree on the allocation of the Proceeds among the holders of Allowed Secured Claims. All Liens will attach to the Sale Consideration with the same validity, priority, force and effect as they currently have on the assets. The allocation could then be subsequently made by Final Order of the Bankruptcy Court. Each Secured Creditor will receive 100 percent of the Proceeds from the Collateral securing its Allowed Claims (not to exceed the Allowed Claims) on the later of: (i) the Effective Date; and (ii) the date that the allocation of the Proceeds among the Secured Creditors can be completed by Final Order of the Bankruptcy Court.

The Debtors intend to work with all holders of Allowed Secured Claims to negotiate a mutually acceptable allocation of the Cash Consideration to (i) the Collateral of the 1995 Lenders, (ii) the Collateral of the 1996 Lenders, (iii) the Collateral of all other Secured Creditors, and (iv) Estate Funds. This allocation will require both (1) an agreement on the relative value of the Collateral on which each secured Creditor holds a Lien that is being sold to the Buyer, and (2) a determination of the extent to which such Collateral should be surcharged under Bankruptcy Code § 506(c) for the reasonable, necessary costs and expenses of preserving, or disposing of, such Collateral. The term Proceeds is defined as the net consideration allocable to each Secured Creditor's Collateral after payment of its fair share of such costs under Bankruptcy Code § 506(c). The sums recovered through such surcharges will be Estate Funds, to be used to pay Priority Claims. If the allocation can be completed prior to the Confirmation Hearing, it may be presented to the Bankruptcy Court for approval at the Confirmation Hearing. This would eliminate any delay in the distribution of the Cash Consideration. If the allocation is not completed and approved by the Bankruptcy Court before the Effective Date it will be subject to subsequent determination by the Bankruptcy Court.

At the present time the Debtors cannot determine the amount of the Cash Consideration each holder of an Allowed Secured Claim will receive because there has been no determination of the Bankruptcy Court of the value of the Collateral securing each such Claim. The 1995 Lenders contend that they hold a Lien on the equipment located in 212 stores. Historically, sales

of equipment have generated net proceeds of approximately $6,000 per store. In connection with the sale of certain real property and equipment, the 1995 Lenders requested an escrow of $10,000 per store. If the 1995 Lenders' equipment Collateral is worth between $6,000 and $10,000 per store and they have the senior Lien on 100% of the equipment in 212 stores, the gross value of their Collateral would be between approximately $1.3 million and $2.12 million, before consideration of any surcharge for administrative costs. The Debtors understand that the 1995 Lenders contend their Collateral has a greater value. Whatever the value of the 1995 Collateral delivered to the Buyer (including 1995 Collateral in any store the Buyer closes), the 1995 Lenders will receive 100% of this value, less the amount for which they can be surcharged, if any, as determined by the Bankruptcy Court.

In addition to receiving the Proceeds from the Collateral that is sold to the Buyer, each Secured Creditor will retain its Liens on any Retained Assets transferred to the Plan Trust. At the present time it does not appear that Collateral securing any Claim other than the 1996 Collateral will be delivered to the Plan Trust, although other property could be delivered to the Plan Trust if the Buyer elects not to take possession of all stores as of the Effective Date. The Plan Trustee will liquidate the Retained Assets as expeditiously as possible. If the Plan Trustee is unable to liquidate all of the Collateral for any Secured Creditor, other than the 1996 Lenders, prior to the Final Secured Creditor Distribution Date (i.e., one year after the Effective Date) the Plan Trustee will surrender the remaining Collateral belonging to that Secured Creditor to the Secured Creditor. The amount of the Secured Creditor's Allowed unsecured deficiency claim will be reduced by the fair market value of any Collateral surrendered to that Creditor.

Through the foregoing mechanism, all Secured Creditors, other than the 1996 Lenders, will be guaranteed to realize 100 percent of the value of their Collateral. In addition, holders of Allowed Priority Claims will be assured of payment of 100 percent of their Allowed Claims in Cash on the Initial Distribution Date. To the extent necessary, the Proceeds of the Collateral of the 1996 Lenders will be used to pay those Allowed Priority Claims.

The Plan Trustee will also liquidate the currently unencumbered assets of the Estates and the 1996 Lenders' Collateral as expeditiously as possible. The 1996 Lenders will be granted a Lien on the Estate Funds (i.e., unencumbered funds) to secure the 1996 Lenders' Reimbursement Claim for any amounts paid to the holders of Allowed Priority Claims from the 1996 Lenders' Proceeds. After payment of the 1996 Lenders' Reimbursement Claim, the Estate Funds will be used to pay the 1996 Lenders' Allowed Adequate Protection Obligations, if any. The balance of the Estate Funds will be distributed to the holders of Allowed unsecured Claims.

Under no circumstances will any Secured Creditor receive distributions in excess of its Allowed Secured Claim. If the Proceeds from the liquidation of any Secured Creditor's Collateral exceed its Allowed secured Claim, that excess shall be distributed to the holders of junior Liens on that Collateral or, if there are no junior Liens, shall be treated as Estate Funds.

2. Distributions To Unsecured Creditors.

It is difficult to estimate the actual distribution, if any, that will be made to unsecured Creditors, but any distribution to General Unsecured Creditors will be

relatively small. There is a significant risk that there will be no distribution to such unsecured Creditors.

The only unencumbered assets of which the Debtors are aware are the right to recover from the holders of Allowed Secured Claims under Bankruptcy Code 506(c) and the Litigation Claims, including Avoidance Actions. The Debtors reserve their right to challenge the validity or priority of individual Liens, but they do not have any information at the present time that indicates that avoidability of Liens will generate any material Estate Funds. Absent avoidance of Liens, unsecured Creditors will receive a distribution only if the sum of the amounts for which Secured Creditors can be surcharged under Bankruptcy Code §506(c) and the recoveries on account of the Litigation Claims vested in the Plan Trust exceed the Allowed Priority Claims.

Any estimate of the likely recoveries from the Litigation Claims would be entirely speculative. The potential defendants will probably dispute liability and the litigation to collect on the Litigation Claims has not yet been commenced.

The Debtors' best estimate is that the Allowed Priority Claims on the Effective Date will be approximately $7.0 million, excluding the 1996 Lenders' Adequate Protection Obligations, the 1995 Lenders' Adequate Protection Claims, the DIP Facility Claim and working capital Administrative Claims.[4] This includes Priority Tax Claims and all other Administrative Priority Claims. In addition, the Debtors understand that the 1995 Lenders contend that they are entitled to Adequate Protection Claims of approximately $6.5 million (the unpaid adequate protection payments under their stipulation) and the 1996 Lenders assert Adequate Protection Obligations of more than $35.0 million (based on, among other things, their subordination to the DIP Facility). The Debtors reserve the Plan Trustee's right to object to any of the foregoing Claims, and contend that there may be no such Claims. As of the Effective Date, the Debtors estimate the DIP Facility Claims will total approximately $30.0 million. The total of all Allowed Priority Claims that must be paid from the Cash Consideration is likely to be between $37.0 million and $78.5 million, depending primarily on the outcome of the 1996 Lenders' Adequate Protection Obligation and the 1995 Lenders' Adequate Protection Claims.

There will be a distribution to holders of Allowed unsecured Claims only if the sum of the proceeds from the Litigation Claims and the right to surcharge Secured Creditors exceed the Allowed Priority Claims. Before consideration of the recoveries on the Litigation Claims, the funds available for unsecured Creditors will be calculated as follows (in millions):

Priority Claims (excluding DIP Loan and trade payables)	($7.0) to ($48.5)
506(c) Surcharge	$15.0 to $0.0
Surplus or (short fall)	$8.0 to ($48.5)

[4] Under the Asset Purchase Agreement the Buyer assumes these working capital Administrative Claims. The Cash received by the Debtors will, however, be reduced by the amount of those Administrative Claims.

The total distributions, if any, to holders of unsecured Claims that are not subordinated will be in this range, plus the net recoveries from the Litigation Claims.

If there is such a surplus in BCI's Estate it will be shared by the holders of Allowed BCI Class 8 Claims and Allowed BCI Class 5 Claims. With respect to the Allowed unsecured Claims against BCI, the contractual subordination provisions of the Debentures and the statutory subordination provisions in Bankruptcy Code § 510(b) will be enforced. As a result, the Estate Funds that would otherwise be distributable to the Debenture Claims, if any, will be distributed to the holders of senior Allowed unsecured Claims until such senior Allowed unsecured Claims have been paid in full. The Debenture Claims are approximately $440.0 million.[5] The Class 5 Claims will include the deficiency Claims of the 1995 Lenders and the 1996 Lenders. These are likely to total approximately $180.0 million. Assuming that Allowed Class 8 Claims total approximately $30.0 million, Estate Funds would be distributed over Claims of approximately $650.0 million (($180.0 million of Class 5 Claims plus $440.0 million of Class 6 Claims plus $30.0 million of Class 8 Claims). As a result, every $6.5 million of Estate Funds remaining after the payment of the Allowed Priority Claims would result in a distribution of approximately 1% to Class 8 Creditors.

Because it is extremely unlikely that the Estate Funds will be sufficient to pay all Allowed Class 5 Claims, including deficiency claims held by Secured Creditors, it is very unlikely that there will be any distribution to the holders of Debenture Claims.

There will be no distribution to the holders of Debt Securities Claims and Equity Securities Claims because such Claims are subordinate to even the Subordinated Claims. Similarly, there will be no distribution to Equity Securities holders.

E. Administration of Plan Trust

The Plan Trustee will be identified prior to the Confirmation Hearing. The Plan Trustee will be "disinterested" within the meaning of the Bankruptcy Code. The Plan Trustee and his or her compensation will be subject to Bankruptcy Court approval.

In addition to the Plan Trustee, a Plan Oversight Committee will be established to facilitate the administration of the Plan Trust. The 1995 Lenders and the Creditors' Committee will each appoint one representative to the Plan Oversight Committee. The 1996 Lenders will appoint three representatives to the Plan Oversight Committee.

The Plan Trustee's decisions to transfer significant assets or settle significant Litigation Claims will be subject to Bankruptcy Court approval. The Plan Trustee may, however, take such actions without Bankruptcy Court approval if they are approved by the Plan Oversight Committee. The Plan Trustee will communicate regularly with the members of the Plan Oversight Committee regarding administration of the Plan Trust. The Plan Trustee shall,

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[5] The Debtors had approximately $630.0 million of Debenture Claims on the Petition Date. Approximately $190 million of these claims have been converted into common stock of BCI, leaving a balance of approximately $440 million of debenture Claims currently outstanding.

however, exercise independent business judgment with respect to all such matters, subject to approval of significant transactions by either the Bankruptcy Court or the Plan Oversight Committee. The Plan Oversight Committee will not participate in any decision regarding the allocation of the Cash Consideration.

On the Effective Date after the transfer of substantially all of the Estates' assets, including the Cash Consideration and the Retained Assets to the Plan Trust, the Debtors will be dissolved. The Equity Securities issued by the Debtors and the Debentures issued by BCI will be cancelled, without prejudice to the rights of the Subordinated Creditors to receive distributions from the Plan Trustee under the terms of the Plan in the unlikely event that all senior unsecured Claims are paid in full.

F. Executory Contracts

Many of the Debtors' Executory Contracts will be assumed and assigned to the Buyer. Because the Buyer has not yet made a final decision with respect to which Executory Contracts it will seek to assume, it has divided the Debtors' Executory Contracts into three subgroups: (1) those Executory Contracts to be assumed; (2) those Executory Contracts to be rejected; and (3) those Unresolved Executory Contracts with respect to which the Buyer has not yet made a final determination. The Confirmation Order will provide for the assumption and assignment of the first group of Executory Contracts, although the assignment thereof may be deferred if the Buyer elects to defer that date (the Buyer will be responsible for performing under these Executory Contracts from the Effective Date even if the assignment is deferred). If there are any defaults thereunder, the Confirmation Order will provide for the Cure of such defaults. The Confirmation Order will provide for the rejection of the second group of Executory Contracts.

The Plan provides that a motion to assume and assign or to reject the Unresolved Executory Contracts will be filed on or before May 19, 2000 and determined by the Bankruptcy Court on or before June 30, 2000, unless prior to June 30, 2000 the Bankruptcy Court sets a later date. Between the Effective Date and the date each such Unresolved Executory Contract is assumed and assigned or rejected, the Buyer will be responsible for the performance of all obligations under the Unresolved Leases and Executory Contracts, pursuant to the Management Agreement. The Bankruptcy Court will retain jurisdiction to determine any issues relating to the assumption and assignment of the Executory Contracts, including without limitation the Cure with respect thereto.

To eliminate any risk to the non-Debtor parties to the Unresolved Executory Contracts, the Plan provides that they have the right to file proofs of Claim at any time prior to the deadline for voting on the Plan for the damages they contend would result in the event of the subsequent rejection and that they will be permitted to vote on the Plan as though the Unresolved Executory Contracts had been rejected. For voting purposes only, the proofs of Claim they file will be deemed Allowed, unless the Debtors' request that they be estimated for voting purposes. Even if they do not file a proof of Claim, parties to Unresolved Executory Contracts will be entitled to vote on the Plan. Each Lessor of real property under an Unresolved Executory Contract will be deemed to have an estimated Claim equal to the rent, without acceleration, for one year after the Effective Date. The non-debtor party to each other Unresolved Executory Contract will have an estimated Claim of $100 for voting purposes, if it files no proof of Claim. Through this

mechanism, the non-debtor parties to the Unresolved Executory Contracts will be given voting rights similar to those they would have if they were informed that their Executory Contracts were to be rejected prior to the Confirmation Hearing.

Based on the information set forth in Section V.D.2. above, the Debtors believe the distribution, if any, to the holders of Allowed unsecured Claims, including Claims arising from the rejection of executory contracts, will be relatively small.

VI. VOTING ON THE PLAN

A. Who May Vote

Only Classes that are impaired under the Plan and that are not deemed to have rejected the Plan are entitled to vote to accept or reject the Plan. Generally, Bankruptcy Code 1124 provides that a class of claims or interests is considered impaired unless the Plan does not alter the legal, equitable and contractual rights of the holder of the claim or interest. In addition, these classes are considered impaired unless all outstanding defaults, other than purely technical defaults or defaults relating to the solvency or the financial condition of the debtor or the commencement of the Chapter 11 Cases, have been cured and the holders of Claims or Interests in these Classes have been compensated for any damages incurred as a result of any reasonable reliance on any contractual provisions or applicable law to demand accelerated payment.

Priority Claims in Class 1 for each Debtor are not impaired. Such classes are conclusively deemed to have accepted the Plan and will not be entitled to vote. In addition, Unclassified Priority Claims will not vote on the Plan.

The holders of Claims in BCI Classes 7 and 12, BCREI Class 6 and Class 9 for each BCA and all holders of Interests in each of the Debtors (BCI Classes 9, 10 and 11, BCREI Class 5, and Classes 6, 7 and 8 for each BCA) will not receive or retain any property under the Plan and are conclusively deemed to have rejected the Plan pursuant to Section 1126(g) of the Bankruptcy Code. Because it is very unlikely that BCI Class 6 (Subordinated Creditors) will receive any property under the Plan, the Debtors believe that BCI Class 6 should also be deemed to have rejected the Plan.

The Claims in BCI Classes 2, 3, 4, 5 and 8, BCREI Classes 2, 3 and 4, and Classes 2, 3, 4 and 5 of each BCA are impaired. The holders of Claims in such Classes are entitled to vote to accept or reject the Plan.

A Creditor is entitled to vote only if either (i) its Claim has been scheduled by the Debtors as not disputed, contingent or unliquidated (except in the case of Unsecured Creditors whose prepetition Unsecured Claims were paid pursuant to the Order Authorizing Debtors to Pay Claims of Prepetition Creditors), or (ii) it has filed a proof of Claim on or before the applicable Bar Date. The holder of any Claim to which an objection is pending is not entitled to vote that Claim unless the Creditor has obtained an order of the Bankruptcy Court temporarily allowing the Claim for the purpose of voting on the Plan. If a Creditor has filed an unliquidated or contingent proof of Claim, (i.e., the Creditor failed to specify the dollar amount in the proof of Claim), then, pursuant to Bankruptcy Code 502(c), a dollar value for each such Claim may be estimated and allowed by the Bankruptcy Court solely for voting purposes.

Notwithstanding the foregoing, the non-debtor parties' Unresolved Executory Contracts will be entitled to vote as though each Unresolved Executory Contract has been rejected. Any proofs of claim filed by any such non-debtor party shall be Allowed for voting purposes in the amount filed, unless the Debtors obtain a Bankruptcy Court order to the contrary prior to the Confirmation Hearing.

A vote may be disregarded if the Bankruptcy Court determines, pursuant to Bankruptcy Code § 1126(e), that it was not solicited or procured in good faith or in accordance with the Bankruptcy Code.

B. Voting Procedures

Under the Bankruptcy Code, for purposes of determining whether the Requisite Acceptances have been received, only holders of Impaired Claims who actually vote by delivering a duly executed Ballot prior to the Voting Deadline will be counted.

This Disclosure Statement, including all Exhibits hereto, together with the related materials included herewith, and Ballots (defined below) (a "Solicitation Package"), are being furnished to all holders of Impaired Claims that are entitled to vote. If you believe you are entitled to vote on the Plan and you have not received these documents, you can request them from counsel for the Debtors at the address in Section VI.C., below. The Debtors will also provide these documents to the members of the Creditors' Committee and the Equity Committee and to any other Creditor or Interest holder who requests them in writing at the address set forth in Section VI.C., below.

All votes to accept or reject the Plan must be cast by using the ballot (the "Ballot") enclosed with this Disclosure Statement. No other votes will be counted. You should provide all of the information requested by the Ballots you receive. You should complete and return all Ballots that you receive in the return envelope provided with each such Ballot.

C. Voting Deadline

IN ORDER TO BE COUNTED, BALLOTS MUST BE APPROPRIATELY COMPLETED, PERSONALLY SIGNED AND <u>RECEIVED</u> BY THE VOTING AGENT AT THE FOLLOWING ADDRESS NO LATER THAN 4:00 P.M. (PHOENIX TIME) ON MARCH 22, 2000 (THE "VOTING DEADLINE"):

BCI Tabulation	**BCI Tabulation**
c/o King & Associates	**c/o King & Associates**
P.O. Box 2742	**7301 East Sundance Trail**
Carefree, Arizona 85377-2742	**Suite C-201**

Carefree, Arizona 85377-2742

Except to the extent requested by the Debtors or as permitted by the Bankruptcy Court pursuant to Fed. R. Bankr. P. 3018, Ballots received after the Voting Deadline will not be counted or otherwise used in connection with the Debtors' request for confirmation of the Plan (or any permitted modification thereof).

IN NO CASE SHOULD A BALLOT BE DELIVERED TO ANY ENTITY OTHER THAN THE VOTING AGENT, AND IN NO CASE SHOULD ANY EQUITY SECURITIES OR DEBENTURES BE DELIVERED TO THE DEBTORS OR ANY OF THEIR ADVISORS, INCLUDING THE VOTING AGENT.

D. Vote Required for Class Acceptance

In order for a Class to accept the Plan, at least two-thirds in dollar amount and more than one-half in number of the Claims Allowed for voting purposes of each impaired class of Claims that are actually voted must be cast for acceptance of the Plan.

E. Fiduciaries And Other Representatives

If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or another acting in a fiduciary or representative capacity, such person should indicate such capacity when signing and, unless otherwise determined by the Debtors, must submit proper evidence satisfactory to the Debtors of authority to so act. Authorized signatories should submit the separate Ballot of each beneficial owner for whom they are voting.

F. Defects And Irregularities

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of Ballots will be determined by the Voting Agent and the Debtors in their sole discretion, which determination will be final and binding. As indicated below under "Withdrawal of Ballots; Revocation," effective withdrawals of Ballots must be delivered to the Voting Agent prior to the Voting Deadline. The Debtors reserve the absolute right to contest the validity of any such withdrawal. The Debtors also reserve the right to reject any and all Ballots not in proper form, the acceptance of which would, in the opinion of the Debtors or their counsel be unlawful. The Debtors further reserve the right to waive any defects or irregularities of conditions of delivery as to any particular Ballot. The interpretation (including the Ballot and the respective instructions thereto) by the Debtors, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determine. Neither the Debtors nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

G. Withdrawal Of Ballots: Revocation

Any party who has delivered a valid Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Voting Agent at any time prior to the Voting Deadline. A notice of withdrawal, to be valid, must (i) contain the description of the Claim(s) to which it relates and the aggregate principal amount represented by such Claim(s), (ii) be signed by the withdrawing party in the same manner as the Ballot being withdrawn, (iii) contain a certification that the withdrawing party owns the Claim(s) and possesses the right to withdraw the vote sought to be withdrawn and (iv) be received by the Voting Agent in a timely manner at the address set forth in Section VI.C. above. Prior to the filing of the Plan, the Debtors intend to consult with the Voting Agent to determine whether any withdrawals of Ballots were received and whether the Requisite Acceptances of the Plan have been received. As stated above, the Debtors expressly reserve the absolute right to contest the validity of such withdrawals of Ballots. In the case where more than one timely, properly completed Ballot is received, only the Ballot which bears the latest date will be counted for purposes of determining whether the Requisite Acceptances have been received.

Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of Ballots which is not received in a timely manner by the Voting Agent will not be effective to withdraw a previously cast Ballot.

H. Further Information; Additional Copies

If you have any questions or require further information about the voting procedure for voting your Claim or about the packet of material received, or if you wish to obtain an additional copy of the Plan, the Disclosure Statement or any exhibits to such documents (at your own expense, unless otherwise specifically required by Fed. R. Bankr. P. 3017(d)), please contact the Voting Agent:

BCI Tabulation
c/o King & Associates
P.O. Box 2742
Carefree, Arizona 85377-2742

BCI Tabulation
c/o King & Associates
7301 East Sundance Trail
Suite C-201
Carefree, Arizona 85377-2742

VII. CONFIRMATION OF THE PLAN

Described below are certain important considerations under the Bankruptcy Code in connection with confirmation of the Plan.

A. Confirmation Hearing

The Bankruptcy Court has scheduled the preliminary Confirmation Hearing for 10:00 a.m. on April 4, 2000. The final Confirmation Hearing will be scheduled at the preliminary hearing and may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the hearing or any adjourned hearing.

B. Objections to Confirmation of the Plan

Bankruptcy Code 1128(b) provides that any party in interest may object to confirmation of the Plan, regardless of whether it is entitled to vote. The Bankruptcy Court has directed that, at or before 4:00 p.m. (Phoenix time) on March 22**,** 2000, any written objections to the Plan must be filed with the Bankruptcy Court and served upon counsel for the Debtors and other parties in interest. Objections to confirmation must (a) be in writing, (b) comply with the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules, (c) set forth the name of the objector, and the nature and amount of any Claim or Interest asserted by the objector against or in BCI, BCREI or the Boston Chicken Affiliates, the applicable Estate or its property, and (d) state with particularity the legal and factual bases for the objection. Objections to the Plan are governed by Bankruptcy Rule 9014. **OBJECTIONS TO CONFIRMATION THAT ARE NOT TIMELY FILED AND SERVED MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT AND MAY BE OVERRULED SOLELY BECAUSE THEY ARE UNTIMELY.**

C. Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of Bankruptcy Code s 1129(a) and (b) have been satisfied and, if it so determines, will enter a Confirmation Order. The requirements of Bankruptcy Code 1129(a) are the following:

1. The Plan complies with the applicable provisions of the Bankruptcy Code;

2. The Debtors have complied with the applicable provisions of the Bankruptcy Code;

3. The Plan has been proposed in good faith and not by any means forbidden by law;

4. Any payment made or promised by the Debtors or by a person acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment made before confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable;

5. The Debtors have disclosed (i) the identity and affiliations of (x) any individual proposed to serve, after confirmation of the Plan, as the Plan Trustee, (y) all affiliates in the joint Plan, or (z) any successor to the Debtors under the Plan (and the appointment to, or continuance in, such office of such individual(s) is consistent with the interests of Creditors and Interest

holders and with public policy), and (ii) the identity of any insider that will be employed or retained by the Plan Trustee and the nature of any compensation for such insider;

6. With respect to each Class of Claims or Interests, each Impaired Creditor and Impaired Interest holder either has accepted the Plan or will receive or retain under the Plan on account of the Claims or Interests held by such entity, property of a value, as of the Effective Date, that is not less than the amount that such entity would receive or retain if the Debtors were liquidated on such date under Chapter 7 of the Bankruptcy Code. See Section "Best Interests Test/Liquidation Under Chapter 7;"

7. The Plan provides that Administrative Claims and other Priority Claims will be paid in full on the Initial Distribution Date or such later date as they are due by their own terms, except to the extent that the holder of any such Claim has agreed to a different treatment;

8. At least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by insiders holding Claims in such Class;

9. Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan; and

10. The Plan provides for the continuation after the Effective Date of all retiree benefits, if any, at the level established pursuant to Bankruptcy Code 1114(e)(1)(B) or 1114(g), at any time prior to confirmation of the Plan for the duration of the period the Debtors have obligated themselves to provide such benefits. The Debtors do not have any such retiree benefits.

The Debtors believe that, upon receipt of the Requisite Acceptances by at least one Class of Impaired Creditors, the Plan will satisfy all the statutory requirements of Chapter 11 of the Bankruptcy Code, that the Debtors have complied or will have complied with all of the requirements of Chapter 11, and that the Plan is being proposed and will be submitted to the Bankruptcy Court in good faith.

D. Feasibility of the Plan

Bankruptcy Code §1129(a)(11) requires that the Bankruptcy Court find that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors unless such liquidation is proposed in the Plan.

The Plan expressly provides for the liquidation of most of the Debtors' assets through the sale to the Buyer. The Plan will become effective only if that sale is consummated. That sale generates the Cash necessary to fund all initial payments under the Plan and to establish a reasonable reserve for the costs of administering the Retained Assets. The Plan Trustee will promptly liquidate the Retained Assets or surrender them to the Secured Creditors holding Liens on them. The Plan satisfies Bankruptcy Code §1129(a)(11), because it provides for the liquidation of substantially all of the Debtors' assets and creates a fund from which all Allowed Priority Claims can be paid.

E. Confirmation Without Acceptance of All Impaired Classes – "Cramdown"

The Debtors will request confirmation of the Plan, as it may be modified from time to time, under Section 1129(b) of the Bankruptcy Code, and has reserved the right to modify the Plan to the extent, if any, that confirmation pursuant to Bankruptcy Code §1129(b) requires modification.

Bankruptcy Code §1129(b) provides that a plan can be confirmed even if it is not accepted by all impaired classes of claims and interests, as long as at least one impaired class of claims (without including any acceptances of the plan by an insider) has accepted it. Thus, if the Requisite Acceptances are received, the Bankruptcy Court may confirm a plan notwithstanding the rejection, deemed or otherwise, of an impaired class of claims or interests if the plan "does not discriminate unfairly" and is "fair and equitable" as to each Impaired Class that has rejected the Plan.

A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a rejecting impaired class is treated equally with respect to other classes with equal priority or legal rights.

"Fair and equitable" has different meanings for secured claims, unsecured claims and interests.

A plan is fair and equitable as to a class of secured claims that rejects the plan if the plan provides (a)(i) that the holders of allowed claims in the rejecting class retain the liens securing those claims (whether the property subject to those liens is retained by the Debtor or transferred to another entity) to the extent of the allowed amount of such claims, and (ii) that each holder of a claim in the rejecting class receives on account of its claim deferred cash payments totaling at least the allowed amount of that claim, of a value, as of the effective date of the plan, of at least the value of the holder's interest in the estate's interest in such property; (b) for the sale, subject to Section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing the claims included in the rejecting class, free and clear of the liens, with the liens to attach to the proceeds of the sale, and the treatment of the liens on proceeds under clause (a) or (c) of this subparagraph; or (c) for the realization by such holders of the indubitable equivalent of such claims.

A plan is fair and equitable as to a class of unsecured claims that rejects the plan, if the plan provides (a) that each holder of a claim in the rejecting class will receive or retain on account of its claim property that has a value, as of the effective date of the plan, equal to the allowed amount of the claim; or (b) that no holder of a claim or interest that is junior to the claims of the rejecting class will receive or retain under the plan any property on account of such junior claim or interest.

A plan is fair and equitable as to a class of equity interests that rejects the plan if the plan provides (a) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest;

or (b) that no holder of an interest that is junior to the interest of the rejecting class will receive or retain under the Plan any property on account of such junior interest.

As described above, holders of Claims and Interests in BCI Classes 6, 7, 9, 10, 11 and 12, BCREI Classes 5 and 6, and Classes 6, 7, 8 and 9 of each BCA will not receive or retain property under the Plan. Such Classes are deemed to have rejected the Plan. The Debtors (a) intend to request confirmation of the Plan under Bankruptcy Code §1129(b) notwithstanding the deemed rejection of the Plan by such Classes and (b) reserve the right to seek confirmation of the Plan under Bankruptcy Code §1129(b) notwithstanding the rejection of the Plan by other classes of Claims.

The Debtors believe that the treatment under the Plan of the holders of Claims and Interests in such Classes will satisfy the "fair and equitable" test because no Class junior to any of these non-accepting Classes (and any other unsecured Class that may reject the Plan) will receive or retain any property under the Plan. In addition, the Debtors do not believe that the Plan unfairly discriminates against any dissenting Class because all dissenting Classes of equal rank are treated equally under the Plan.

F. Alternatives to Confirmation and Consummation of the Plan

The Debtors believe that the Plan affords holders of Claims the potential for the greatest realization on the Debtors' assets and, therefore, is in the best interests of such holders. If, however, the Requisite Acceptances are not received, or the Requisite Acceptances are received and the Plan is not confirmed and consummated, the theoretical alternatives include: (a) formulation of an alternative plan or plans of reorganization, or (b) liquidation of the Debtors under Chapter 7 or 11 of the Bankruptcy Code.

1. Continued Operations: Indefinite Delay In The Plan Process.

The Debtors' operations have improved substantially so that if the Asset Purchase Agreement and the Plan were not approved by this Court, continued operations of the Debtors' businesses might be the best way to maximize long term value and, thus, the total return to all Creditors. Any increase in value that might be obtainable is, however, likely to inure exclusively to the benefit of the Secured Creditors because of their massive deficiencies. Moreover, such an approach would have substantial risks including: (i) the increase in sales is over a relatively short period and there is no guarantee that this increase is a sustainable long term trend; (ii) the fact the Debtor's business is seasonal, with much lower revenues during the first two months of each calendar year (i.e., the Debtors are heading into their slowest sales months), (iii) the DIP Lenders might seek to enforce their rights under the DIP Facility, thereby potentially compelling the Debtors to cease operations;[6] and (iv) the DIP Facility expires by its own terms on April 4,

[6] The DIP Lenders had granted a series of short-term waivers of EBITDA covenant defaults under the DIP Facility, thereby restricting the availability of funds necessary to continued operation of the Debtors' businesses. When the Debtors entered into the Asset Purchase Agreement, the DIP Lenders were in a position to contend that the Debtors were, or would shortly be, in covenant default under the DIP Facility. The DIP Lenders indicated they might seek to enforce their rights, to the detriment of all Creditors, if they were faced with an indefinite delay in the filing of a plan. Since entering into the Asset Purchase Agreement, the DIP Lenders and the Debtors have entered into a sixth amendment to the DIP Facility, which waives the EBITDA covenant default through February 18, 2000, but creates

2000. Continued operations could actually reduce the ultimate value received if sales volumes either decline from current levels or do not continue to improve. Moreover, continued operations would certainly delay the ultimate distribution to Creditors and increase the Debtors' administrative costs.

The Creditors' Committee contends that the DIP Lenders would not enforce their rights under the DIP Facility even though the Debtors are in default thereunder because doing so could force a liquidation that would reduce their recovery, either as DIP Lenders or as 1996 Lenders (since many of the same institutions hold both DIP Facility Claims and Claims as 1996 Lenders). In connection with the negotiations for periodic extensions of the DIP Facility and the waiver of the enforcement of defaults thereunder for limited periods, the DIP Lenders stated that they were unwilling to grant such concessions unless the Debtors met various demands. In the negotiations for the Sixth Amendment to the DIP Facility, the DIP Lenders demanded the addition of an event of default if the Debtors fail to proceed with the proposed sale pursuant to the Plan. Neither the Debtors nor the Creditors' Committee can predict with certainty how the DIP Lenders would respond if the Debtors refused to proceed with the proposed sale or sought to continue operating on a stand-alone basis.

Based on the foregoing factors, the Debtors agreed with the 1996 Lenders to proceed with the efforts to market the Estates' assets, even as their operating results continued to improve. The highest gross purchase price offered was by the Buyer. Based on comparable sales data provided by Lazard, this is a fair price. Based on Lazard's extensive marketing efforts and the number of potential buyers with whom the Debtors have negotiated, the Debtors do not believe it is likely they could obtain a higher price at this time.

The Debtors believe that the price to be paid by the Buyer is fair, even based on an analysis of the Debtors' projected 2000 cash flow. The Debtors project Company EBITDA (before bankruptcy related expenses) for 2000 of approximately $30.0 million.[7] The Debtors' investment advisor, Lazard, has informed the Debtors that a sale price equal to six times 12 month trailing EBITDA is a reasonable estimate of a restaurant company's value, even if the seller does not face all of the challenges the Debtors currently face, including the need for additional working capital if they are to continue operating independently. Based on this multiplier and the Debtors' 2000 projections, a value of $180.0 million might be reasonable if marketing efforts began after the end of 2000. The present value of such a price, even if obtainable 12 months from now, is no greater than the Buyer's "bird in the hand" agreement of $173.5 million. The Debtors do not believe that it is likely they could generate a higher offer in the foreseeable future.

Even if a higher offer could be generated in the foreseeable future, all or virtually all of any increase would go to the Secured Creditors. The 1996 Lenders, the parties who would bear

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an event of default if the Asset Purchase Agreement is terminated by the Buyer under certain circumstances or by the Debtors without the DIP Lenders' consent.

[7] This consists of the Company-operated store EBITDA of approximately $33.0 million, plus franchise fees, less certain non-recurring charges.

the bulk of the risk and receive most of the benefit of any increase in value generated by continued operations, strongly support the Asset Purchase Agreement and the Plan.[8] If the realizable value declines, the Secured Creditors will bear all or virtually all of that loss. If the realizable value increases, the Secured Creditors would receive approximately the first $179.5 million of that increase. See footnote 8. Under these circumstances, the fact the 1996 Lenders urged the Debtors to enter into the Asset Purchase Agreement and opposed incurring the risks of further operations, was an important consideration in the Debtors' ultimate decision to accept the Buyer's offer.

2. Alternative Plan(s)

If the Requisite Acceptances are not received or if the Plan is not confirmed, the Debtors (or, if the Debtors' exclusive periods in which to file and solicit acceptances of a reorganization plan have expired, any other party-in-interest) could attempt to formulate and propose a different plan or plans of reorganization. Such a plan or plan(s) might involve either a reorganization and continuation of the Debtors' businesses or an orderly liquidation of assets.

With respect to an alternative plan, the Debtors evaluated various reorganization strategies and have explored various other alternatives in connection with the extensive negotiation process involved in the formulation and development of the Plan. The Debtors believe that the Plan: (i) is the safest option available because it eliminates the risks inherent in continued operations and potential litigation with the DIP Lenders over the availability of credit under the DIP Facility; (ii) generates the highest gross purchase price offered by any of the potential buyers that expressed an interest in the Debtors' assets; and (iii) compared to any alternative plan of reorganization, the Plan has the greatest chance to be confirmed and consummated, because it is strongly supported by the 1996 Lenders.

3. Marketing Efforts

The Debtors believe that their extensive marketing efforts have generated the best offer that can be obtained at this time. Commencing in April 1999, Lazard engaged in extensive public marketing efforts, contacted over 80 potential buyers, and sent confidential materials to 49 potential buyers who signed confidentiality agreements. Twenty of these potential buyers conducted additional due diligence and received additional confidential materials and five potential buyers submitted formal bids to the Debtors for substantially all of the Debtors' assets.

The Debtors received their first bid for substantially all of the Debtors' assets on July 26, 1999 from Boston Market Acquisition Company ("BMAC"). BMAC's bid consisted of approximately $105.0 million cash and $35.0 million in assumed liabilities. The Company continued negotiations with BMAC in an effort to secure a "stalking horse" bidder. On

[8] The total Allowed Claims of Creditors with Liens total approximately $285.4 million. The total purchase price, net of administrative costs of consummating the sale, is approximately $97.4 million. The Retained Assets that are subject to Liens may have a value of approximately $8.5 million. The deficiencies of the Secured Creditors, therefore, will total approximately $179.5 million, if the sale to the Buyer is consummated. If the Proceeds were increased by anything less than this amount the benefit of that increase would inure primarily (if not exclusively) to the Secured Creditors. The bulk of that increase would probably go to the 1996 Lenders.

September 8, 1999, talks with BMAC were discontinued and the general auction was resumed. With the assistance of the Debtors and the 1996 Lenders, Lazard established a revised outline for bidding procedures that called for final bids to be submitted on September 21, 1999. During the period between September 8 and September 21, Lazard contacted new parties and contacted parties that had previously declined to participate in the process. Lazard facilitated the due diligence efforts of interested parties up to and through the bid deadline. As a result of this process, Lazard received five bids for substantially all the assets of the Company. An additional bid for certain stores only was also submitted.

Each of the five bidders was provided the opportunity to make a presentation to the Debtors, the 1996 Lenders, and their respective advisors. With the assistance of the Debtors and its senior lenders, Lazard negotiated with each of the bidders in an effort to improve the bids. During the course of these negotiations, it became apparent that certain of the bidding parties might not have the requisite financing to complete the transaction or were unwilling to make the contract concessions necessary for an acceptable transaction. In addition, as the value of the bids increased, additional parties withdrew from the process. Lazard, working closely with the Debtors and the advisors to the 1996 Lenders, negotiated the final terms of the bid with the two highest bidders. Once an agreement was reached in principle with the winning bidder, Lazard, the Debtors, the Debtors' counsel, and the 1996 Lenders and their advisors, finalized the Asset Purchase Agreement, culminating in the announcement on December 1, 1999 that an agreement had been reached with the Buyer and McDonald's. To protect the Estates in the event there is a potential bidder willing to pay more than the Buyer, the Debtors have obtained Bankruptcy Court approval for a formal overbid procedure for receiving competing bids prior to the Disclosure Statement hearing. The Debtors believe that the proposed sale pursuant to the Plan will preserve, to the greatest extent possible, the going concern value of the Debtors' business.

4. Best Interests Test/Liquidation Under Chapter 7

Even if the Plan is accepted by each Class of holders of Impaired Claims, the Bankruptcy Court must find that the Plan is in the best interests of all holders of Claims that are Impaired by the Plan and that have not accepted the Plan. The "best interests" test, set forth in Section 1129(a)(7) of the Bankruptcy Code, requires the Bankruptcy Court to find either that all members of an impaired class of claims have accepted the Plan or that the Plan will provide a member who has not accepted the Plan with property of a value, as of the effective date of the Plan, that is not less than the amount that such holder would receive if the debtor were liquidated under Chapter 7 of the Bankruptcy Code on that date.

To calculate the probable distribution to members of each impaired class of claims if a debtor were liquidated under Chapter 7, the Bankruptcy Court must first determine the aggregate dollar amount that would be generated from the debtor's assets if its Chapter 11 case were converted to a Chapter 7 case under the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the debtor's assets by a Chapter 7 trustee.

This liquidation value would be distributed based on statutory priorities (i.e., no junior class of claims may be paid anything unless all classes of claims senior to such junior class are paid in full). Bankruptcy Code 510(a) provides that subordination agreements are enforceable in bankruptcy cases to the same extent that they are enforceable under applicable non-bankruptcy

law. Therefore, no class of claims that is contractually subordinated to another class would receive any payment on account of its claims, unless all senior classes are paid in full. It is, therefore, exceedingly unlikely that Subordinated Creditors could receive anything in the event of a conversion.

The Debtors believe that under the Plan all holders of Impaired Claims and Impaired Interests will receive property with a value not less than the value such holder would receive in a liquidation of the Debtors under Chapter 7 of the Bankruptcy Code. The Debtors' belief is based primarily on the following facts: (i) Chapter 7 would substantially reduce the proceeds available for distribution to Creditors, including, but not limited to, (a) the increased costs and expenses of a liquidation under Chapter 7 arising from fees payable to a Chapter 7 trustee and professional advisors to the trustee, (b) the erosion in value of assets in a Chapter 7 case in the context of the rapid liquidation required under Chapter 7 and the "forced sale" atmosphere that would prevail, (c) the adverse effects on the Debtors' businesses as a result of the likely departure of key employees, (d) the substantial increases in claims, such as estimated contingent claims, which would be satisfied on a priority basis or on parity with the nonpriority unsecured Creditors, (e) the reduction of value associated with a Chapter 7 trustee's likely cessation of operations, and (f) the substantial delay in distributions to the Debtors' Creditors that would likely ensue in a Chapter 7 liquidation; and (ii) the liquidation analysis prepared by the Debtors with the assistance of Lazard, which is annexed to this Disclosure Statement as Exhibit D (the "Liquidation Analysis").

The Debtors believe that any liquidation analysis is speculative, as such an analysis necessarily is premised on assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which would be beyond the Debtors' control. Thus, there can be no assurance as to values that would actually be realized in a Chapter 7 liquidation, nor can there be any assurance that a Bankruptcy Court would accept the Debtors' conclusions or concur with such assumptions in making its determinations under Bankruptcy Code 1129(a)(7).

For example, the Liquidation Analysis attached hereto as Exhibit "D" necessarily contains an estimate of the amount of Claims, which will ultimately become Allowed Claims. This estimate is based on the Debtors' review of their books and records and the Claims filed in the Chapter 11 Cases and their estimation of the Claims that might arise in the event of a conversion of the cases from Chapter 11 to Chapter 7. The Bankruptcy Court has not estimated or fixed the amount of Claims at the projected amounts of Allowed Claims set forth in the Liquidation Analysis. The estimate of the amount of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims under the Plan.

To the extent that confirmation of the Plan requires the establishment of amounts for the Chapter 7 liquidation value of the Debtors, funds available to pay Claims, and the reorganization value of the Debtors, the Bankruptcy Court will determine those amounts at the Confirmation Hearing. Accordingly, the annexed Liquidation Analysis is provided solely to disclose to holders the effects of a hypothetical Chapter 7 liquidation of the Debtors, subject to the assumptions set forth therein.

If no plan is confirmed, the Chapter 11 Cases may be converted to cases under Chapter 7. In chapter 7 a trustee would be elected or appointed to liquidate the Debtors' assets for distribution to Creditors in accordance with the priorities set by the Bankruptcy Code. It is impossible to predict precisely how the proceeds of the liquidation would be distributed to the respective holders of Claims against or Interests in the Debtors. The Debtors believe, however, that the distributions to each Creditor in chapter 7 would be less than or equal to the distributions they would receive under the Plan.

G. Modifications and Amendments

The Debtors may alter, amend, or modify the Plan or any Exhibits thereto under Section 1127(a) of the Bankruptcy Code and Bankruptcy Rule 3019 at any time prior to the Confirmation Date. After the Confirmation Date and prior to "substantial consummation" of the Plan, as defined in Section 1101(2) of the Bankruptcy Code, the Debtors may, under Section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement approved with respect to the Plan, or the Confirmation Order, and such matters as may be necessary to carry out the purpose and effect of the Plan so long as such proceedings do not adversely affect the treatment of holders of Claims or Interests under the Plan; *provided, however*, that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or order of the Bankruptcy Court.

H. Effects Of Confirmation

1. Binding Effect

From and after the Effective Date, the Plan will be binding upon and inure to the benefit of the Debtors, all present and former holders of Claims against and Interests in the Debtors, whether or not such holders will receive or retain any property or interest in property under the Plan, their respective successors and assigns.

2. Permanent Injunction

Except as otherwise expressly provided in the Plan or the Confirmation Order, all entities who have held, hold or may hold Claims against, or Interests in, the Debtors will be permanently enjoined, on and after the Effective Date, from (i) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the property of the Estates or the proceeds of such property, including without limitation property transferred to the Buyer (except with respect to liabilities expressly assumed by the Buyer) or the Plan Trust, on account of any such Claim or Interest, (ii) creating, perfecting or enforcing any encumbrance of any kind against the property or interests in such property while it remains in the Estates or the Plan Trust, on account of any such Claim or Interest, (iii) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from any of the Debtors or against the property or interests in property of any of the Debtors on account of any such Claim or Interest, and (iv) asserting any Claim or Interest against Buyer or McDonald's other than Claims directly related to the assumed liabilities or rights under the Executory Contracts that are assigned to the Buyer.

3. Exculpation and Limitation on Liability

Neither the Debtors, nor any of their respective present or former members, officers, directors, employees, advisors, attorneys, or agents, shall have or incur any liability to any holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the sale of the Debtors' assets pursuant to the Asset Purchase Agreement, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Estates or of the Plan or the property to be distributed under the Plan, so long as such act or omission was made in good faith and not in willful violation the Bankruptcy Code. In all respects they shall be entitled to reasonably rely on the advice of counsel with respect to their duties and responsibilities under the Plan.

Notwithstanding any other provision of this Plan, no holder of a Claim or Interest, no other party in interest, none of their respective agents, employees, representatives, financial advisors, attorneys, or affiliates, and no successors or assigns of the foregoing, shall have any right of action against any Debtor, or any of their respective present or former members, officers, directors, employees, advisors, attorneys, or agents, for any act or omission in connection with, relating to, or arising out of the Chapter 11 Cases, the sale of the Debtors' assets pursuant to the Asset Purchase Agreement, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Estates or of the Plan or the property to be distributed under the Plan, so long as such act or omission was made in good faith and not in willful violation of the Bankruptcy Code. In all respects they shall be entitled to reasonably rely on the advice of counsel with respect to their duties and responsibilities under the Plan.

VIII. CERTAIN RISK FACTORS RELATING TO THE PLAN

Holders of Impaired Claims who are entitled to vote on the Plan should carefully consider the following risk factors before deciding whether to vote to accept or to reject the Plan.

A. Failure to Confirm the Plan

Even if the Requisite Acceptances are received, the Bankruptcy Court may choose not to confirm the Plan. Although the Debtors believe that the Plan should be confirmed, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

B. Failure to Consummate the Plan

1. Failure of Conditions Precedent to the Confirmation and the Effective Date of the Plan

Certain conditions must be satisfied in order for the Plan to become effective and for the sale pursuant to the Asset Purchase Agreement to be consummated. Unless such conditions are fully satisfied, or waived in accordance with the applicable provisions of the Plan, the Bankruptcy Code and the Asset Purchase Agreement, the transactions contemplated in the Plan will not be consummated, and the Plan will not become effective.

Although the Debtors believe that each such condition can be satisfied, the ability to satisfy certain of the conditions is dependent on rulings by the Bankruptcy Court which are favorable to the Debtors. Furthermore, while the Debtors have well supported arguments for their positions with respect to the issues to be decided by the Bankruptcy Court and believe in good faith that they can prevail with respect to the requested rulings, the outcome of any particular ruling cannot be guaranteed. In addition, one of the conditions is an agreement with the Plan Trustee and the 1996 Lenders regarding adequate funding for the administration of the Plan Trust. If such an agreement cannot be reached, the Plan will not become effective.

2. Termination of the Purchase Agreement

The Buyer or the Debtors (with the consent of the 1996 Lenders) may terminate the Asset Purchase Agreement under certain circumstances. See Asset Purchase Agreement Sections 7 and 10. If the Asset Purchase Agreement is terminated, then the sale of the assets will not close and the Effective Date will not occur.

In addition to entry of the Confirmation Order, the conditions to Buyer's obligation to consummate the purchase include:

a. The Debtors shall have terminated their employee benefit plans, unless prohibited by law;

b. J. Michael Jenkins shall have continued to be the chief executive officer to the Closing (other than as a result of death or disability);

c. Debtors' computer hardware and software shall be year 2000 compliant in all material respects;

d. There is no material misrepresentation or breach of any covenant in the Asset Purchase Agreement; or

e. There is no material adverse change in the Debtors' operations or assets, other than a change caused by Buyer.

Consummation of the sale is a condition precedent to implementation of the Plan.

3. Possibility There Will Be No Payments To Unsecured Creditors

Even if the Plan is consummated there is a substantial chance that there will be no payments to unsecured Creditors. Before any payments to unsecured creditors can be made from the unencumbered assets, the 1996 Lenders must recover the amounts paid to the holders of Priority Claims from their Collateral and any Adequate Protection Obligations they may have. The sum of the 1996 Lenders' Reimbursement Claim and the Adequate Protection Obligations could exceed the value of all unencumbered assets, including any recoveries under Bankruptcy Code 506(c). If that is the case, no distribution will be made to unsecured Creditors and the Debtors believe unsecured Creditors would also receive no distribution in Chapter 7.

C. Distribution Risks

The Plan contemplates the resolution of many of the Disputed Claims and the allocation of the Cash Consideration price among assets after the Closing Date. Most of the Proceeds will likely be allocated to Collateral and, thus, distributed to holders of Allowed Secured Claims. To the extent any of the Cash Consideration is not encumbered, it will be used to pay Priority Claims. There is, therefore, a high probability that General Unsecured Creditors will receive a distribution only if the unencumbered Retained Assets, including Litigation Assets, can generate an amount in excess of Allowed Priority Claims. **UNSECURED CREDITORS MAY RECEIVE NO DISTRIBUTION EVEN IF THE PLAN IS CONFIRMED.** The Debtors believe that if this occurs, unsecured creditors would also receive no distribution in a Chapter 7.

Even if the sale is consummated the purchase price received may be reduced by an amount not to exceed $5.0 million if there are adverse changes to the operations of Boston West.

IX. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. Federal Income Tax Consequences to the Debtors

Implementation of the sale pursuant to the Asset Purchase Agreement will not generate significant taxes payable by the Debtors' Estates because they currently have substantial Net Operating Loss ("NOLs") carry forwards, in addition to their basis in the assets to be transferred. The consummation of the Plan will generate substantial cancellation of debt income ("COD") that will substantially reduce the basis in any assets still owned by the Debtors and/or the Debtors' remaining NOLs. Because the Debtors are insolvent by a substantial margin and debtors in the Chapter 11 Cases, they will not owe taxes on any COD in excess of the attribute reductions.

B. Federal Income Tax Consequences to Holders of Claims

The tax impact of the consummation of the Plan on Claim holders and Interest holders will depend on their individual tax circumstances, including without limitation their basis in the Claims or Interests they hold. The Debtors cannot provide such holders with tax advice. Each holder should consult with its own tax professional. Consummation of the Plan should, however, allow any Claim holder or Interest holder who will receive no property under the Plan (i.e., BCI Classes 6, 7, 9, 10, 11 and 12, BCREI Classes 4, 5 and 6, and Classes 5, 6, 7, 8 and 9 for each BCA) to take a worthless Claim or worthless stock write-off equal to the holders basis therein in 2000, if such holder has not previously taken such a write-off.

X. RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtors believe that the confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtors urge all eligible holders of Impaired Claims to vote to ACCEPT the Plan, and to complete and return their ballots so that they will be RECEIVED by the Voting Agent on or before 4:00 p.m. Phoenix Time on March 22, 2000.

Dated: February 17, 2000
Golden, Colorado

BOSTON CHICKEN, INC.

By: /s/
Name: Greg Uhing
Title: Senior Vice President and Chief Financial Officer

P&L FOOD SERVICES, L.L.C.

By: Boston Chicken, Inc., its Managing Member

By: /s/
Name: Greg Uhing
Title: Senior Vice President

BC REAL ESTATE INVESTMENTS, INC.

By: /s/
Name: J. Michael Jenkins
Title: President

BCI ACQUISITION SUB, L.L.C.

By: Boston Chicken, Inc., its Managing Member

By: /s/
Name: Greg Uhing
Title: Senior Vice President

BC NEW YORK, L.L.C.

By: Boston Chicken, Inc., its Managing Member

By: /s/
Name: Greg Uhing
Title: Senior Vice President

MID-ATLANTIC RESTAURANT SYSTEMS, INC.

By: /s/
Name: J. Michael Jenkins
Title: President

BC GREAT LAKES, L.L.C.

By: Boston Chicken, Inc.,
its Managing Member

By: /s/
Name: Greg Uhing
Title: Senior Vice President

FINEST FOODSERVICE, L.L.C.

By: Boston Chicken, Inc.,
its Managing Member

By: /s/
Name: Greg Uhing
Title: Senior Vice President

BC HEARTLAND, L.L.C.

By: Boston Chicken, Inc.,
its Managing Member

By: /s/
Name: Greg Uhing
Title: Senior Vice President

BC TRI-STATES, L.L.C.

By: Boston Chicken, Inc.,
its Managing Member

By: /s/
Name: Greg Uhing
Title: Senior Vice President

BC SUPERIOR, L.L.C.

By: Boston Chicken, Inc.,
its Managing Member

By: /s/
Name: Greg Uhing
Title: Senior Vice President

BC GOLDENGATE, L.L.C.

By: Boston Chicken, Inc.,
its Managing Member

By: /s/
Name: Greg Uhing
Title: Senior Vice President

MAYFAIR PARTNERS, L.P.

By: BCI Mayfair, Inc., its General Partner

By: /s/
Name: J. Michael Jenkins
Title: President

BC BOSTON, L.P.

By: BCI Massachusetts, Inc., its General Partner

By: ___/s/_____
Name: J. Michael Jenkins
Title: President

B.C.B.M. SOUTHWEST, L.P.

By: BCI Southwest, Inc., its General Partner

By: _____/s/_____
Name: Greg Uhing
Title: President

R&A FOOD SERVICES, L.P.

By: BCI R&A, Inc., its General Partner

By: _____/s/_____
Name: J. Michael Jenkins
Title: President

BCE WEST, L.P.

By: BCI West, Inc., its General Partner

By: ____/s/_____
Name: J. Michael Jenkins
Title: President

BUFFALO P&L FOOD SERVICES, INC.

By: __/s/_____
Name: J. Michael Jenkins
Title: President

PROGRESSIVE FOOD CONCEPTS., INC.

By: ____/s/_____
Name: J. Michael Jenkins
Title: President

AKIN, GUMP, STRAUSS, HAUER & FELD, L.L.P.
Attorneys for the Debtors

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JEFFREY C. KRAUSE
CECIL SCHENKER
H. REY STROUBE